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4/9/2009

Ms. Mary Rupp, Board Secretary
National Credit Union Administration
1775 Duke Street
Alexandria, VA 223140-3428

Dear Ms. Rupp:

Without regard to formality, my points are simply:

1. Don't throw the baby out with the bath water. The corporate system has served us very well for many years. To assume there are fatal flaws based on a calamity that caught most of the civilized world off-guard is erroneous thinking.
2. If you are convinced there needs to be sweeping changes, then I suggest you also consider sweeping changes to NCUA. Haven't there been NCUA examiners on site at U.S. Central, virtually every business day for several years?
3. Separating the payment systems will simply increase overhead expense and ultimately the cost to natural person credit unions. Much the same as it did when NCUA forced the separation of state corporates from their trade association counterparts. We need efficiency not bureaucracy. Perhaps some "firewalls" could be instituted but keep the overall corporate structure in place.
4. As a natural person credit union, we need our own system providers so that we are NOT forced to do business with competitors. We need providers who understand the enabling power of cooperative possibilities.
5. I would caution you about unintended consequences. The credit union movement has proven to be quite creative. You may find yourself in a regulatory game of "bop-it", as credit unions will find ways to get what they need.
6. In years past, there was a natural person representative on the U.S. Central Board. I would urge a return to this policy with serious consideration to more than one. I believe strongly in the wisdom of the common person and as we now clearly understand, it is natural person credit union capital that is most at risk...why shouldn't they be directly represented?
7. Consideration of additional capital has merit including sharply tuned risk based calculations along with additional forms of secondary capital.

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Bottom line, while losing money is never a savory experience, it appears our system is working. Losses are defaulting to where the most capital is. Stuff happens and that is why we have capital. Our long term objective should be to “be able to stay in the game”, not “to never have any losses”. If there is a lesson to be learned, it is that we should all do a better job of actively watching our assets and not assume someone else is doing it for us, including NCUA.

I hope there is not a restructuring plan already on the launch pad and that many comments will be considered in the actual construction of such. I also request that we are asked to comment on any “proposed” restructure that might take shape.

Thank you for the opportunity to comment.

Garth B. Strand, President
Hutchinson Credit Union